



OPCOM HOLDINGS BERHAD

Company No: 199401036979 (322661-W)

QUARTERLY INTERIM FINANCIAL REPORT

For the Quarter Ended 30 September 2022

The Directors are pleased to announce the following:-

Unaudited Condensed Consolidated Statement of Comprehensive Income for the Quarter and Financial Period Ended 30 September 2022

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 30/09/2022 RM'000	Preceding Year Corresponding Quarter 30/09/2021 RM'000	Current Year To Date 30/09/2022 RM'000	Preceding Year To Date 30/09/2021 RM'000
Revenue		22,560	22,171	40,824	45,097
Cost of sales		(20,131)	(16,424)	(36,320)	(33,805)
Gross profit		2,429	5,748	4,505	11,293
Other operating income		495	627	929	823
Administrative expenses		(2,027)	(2,048)	(3,629)	(3,640)
Distribution costs		(549)	(336)	(767)	(802)
Other operating expenses		(31)	(369)	(53)	(743)
Finance costs		(4)	(4)	(9)	(6)
Operating profit		313	3,619	975	6,925
Interest income		479	131	919	214
Share of results of equity-accounted associates		271	125	1,014	566
Profit before tax		1,063	3,875	2,908	7,704
Income tax expenses	B5	(156)	(255)	(414)	(433)
Profit for the period	B13	907	3,619	2,495	7,272
Other comprehensive income, net of tax					
<i>Item that may be reclassified subsequently to profit or loss:-</i>					
Translation differences		1,725	315	3,481	342
Profit and total comprehensive income for the period		2,632	3,934	5,976	7,614



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Unaudited Condensed Consolidated Statement of Comprehensive Income for the Quarter and Financial Period Ended 30 September 2022

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/09/2022 RM'000	Preceding Year Corresponding Quarter 30/09/2021 RM'000	Current Year To Date 30/09/2022 RM'000	Preceding Year To Date 30/09/2021 RM'000
Note				
Profit for the period attributable to:-				
Owners of the Company	758	2,525	2,245	5,168
Non-controlling interest	149	1,095	250	2,103
	<u>907</u>	<u>3,619</u>	<u>2,495</u>	<u>7,272</u>
Total comprehensive income attributable to:-				
Owners of the Company	2,483	2,840	5,726	5,510
Non-controlling interest	149	1,095	250	2,103
	<u>2,632</u>	<u>3,934</u>	<u>5,976</u>	<u>7,614</u>
Earnings per share attributable to owners of the Company:-				
Basic (sen)	<u>0.27</u>	<u>1.09</u>	<u>0.80</u>	<u>2.24</u>
Diluted (sen)	<u>0.27</u>	<u>1.05</u>	<u>0.80</u>	<u>2.15</u>

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 March 2022.



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Company No: 199401036979 (322661-W)

Unaudited Condensed Consolidated Statement of Financial Position as at 30 September 2022

	Note	As At Financial Period Ended 30/09/2022 RM'000	(Audited) As At Preceding Financial Year Ended 31/03/2022 RM'000
Non-current assets			
Property, plant and equipment	A9	23,263	23,287
Investment in associates		22,468	20,495
Right-of-use assets		11,743	11,867
Deferred tax assets		55	55
		57,528	55,704
Current assets			
Inventories		15,352	10,891
Trade and other receivables		25,492	22,945
Current tax assets		415	539
Cash and cash equivalents		89,779	91,581
		131,037	125,956
TOTAL ASSETS		188,565	181,659
Equity			
Share capital		100,413	100,413
Reserves		6,954	3,473
ESOS Reserve		1,410	1,410
Retained earnings		54,997	52,752
		163,774	158,048
Non-controlling interest		9,960	9,710
Total equity		173,734	167,758
Non-current liability			
Deferred tax liabilities		737	734
		737	734
Current liabilities			
Trade and other payables		13,849	12,859
Lease liabilities		7	22
Current tax liabilities		239	287
		14,095	13,168
Total liabilities		14,832	13,901
TOTAL EQUITY AND LIABILITIES		188,565	181,659
Net assets per share attributable to ordinary equity holders of the parent (RM)			
		0.59	0.57

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 March 2022.



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Company No: 199401036979 (322661-W)

Unaudited Condensed Consolidated Statement of Changes in Equity for the Financial Period Ended 30 September 2022

Group	Share capital RM'000	Non-Distributable		Distributable		Total RM'000	Non-controlling interest RM'000	Total equity RM'000
		Capital reserve RM'000	Translation reserve RM'000	ESOS reserve RM'000	Retained earnings RM'000			
Balance as at 1 April 2022	100,413	3	3,470	1,410	52,752	158,048	9,710	167,758
Profit and total comprehensive income for the period	-	-	3,481	-	2,245	5,726	250	5,976
Balance as at 30 September 2022	100,413	3	6,951	1,410	54,997	163,774	9,960	173,734
Balance as at 1 April 2021	32,250	3	2,961	-	48,712	83,925	7,409	91,335
Profit and total comprehensive income for the period	-	-	342	-	5,168	5,510	2,103	7,614
Transaction with owners - issuance of shares	31,821					31,821		31,821
Balance as at 30 September 2021	64,071	3	3,303	-	53,880	121,257	9,513	130,770

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 March 2022.



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Company No: 199401036979 (322661-W)

Unaudited Condensed Consolidated Statement of Cash Flows for the Financial Period Ended 30 September 2022

	Current Financial Period Ended 30/09/2022 RM'000	Preceding Financial Year Corresponding Period Ended 30/09/2021 RM'000
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES		
Profit before tax	2,908	7,704
Adjustments for:-		
Depreciation	945	1,016
Interest Income	(919)	(214)
Other Non-cash items	73	(457)
Other Non-operating items	(1,014)	(558)
Operating profit before working capital changes	<u>1,993</u>	<u>7,491</u>
Changes in working capital:-		
Inventories	(3,738)	2,227
Trade and other receivables	(984)	10,133
Trade and other payables	5	(5,324)
Cash (for)/from operations	<u>(2,724)</u>	<u>14,528</u>
Tax paid	(341)	(89)
Net cash (for)/from operating activities	<u>(3,065)</u>	<u>14,439</u>
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(97)	(425)
Interest received	919	214
Net cash from/(for) investing activities	<u>823</u>	<u>(51)</u>
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES		
Repayment of bank borrowings	-	(816)
Repayment of lease liabilities	(15)	(14)
Proceeds from issuance of ordinary shares, net of direct expenses	-	31,821
Repayment to corporate shareholder of a subsidiary company	-	(5,572)
Finance costs paid	-	(7)
Net cash (for)/from financing activities	<u>(15)</u>	<u>25,412</u>
Net (decrease)/increase in cash and cash equivalents	(2,258)	39,799
Effect of exchange rate fluctuations on cash held	455	47
Cash and cash equivalents at beginning of financial period	91,581	20,861
Cash and cash equivalents at end of financial period	89,779	60,707



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Unaudited Condensed Consolidated Statement of Cash Flows for the Financial Period Ended 30 September 2022
(continued)

Cash and cash equivalents included in the Statement of Cash Flows comprise of the following amounts in Statement of Financial Position:-

	Current Financial Period Ended 30/09/2022 RM'000	Preceding Financial Year Corresponding Period Ended 30/09/2021 RM'000
Deposits placed with licensed banks	21,283	53,211
Cash and bank balances	<u>68,496</u>	<u>7,496</u>
	<u>89,779</u>	<u>60,707</u>

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 March 2022.



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Notes on the Quarterly Interim Financial Report - 30 September 2022

A. EXPLANATORY NOTES AS PER MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRSs”) 134, INTERIM FINANCIAL REPORTING

A1. Basis of Preparation

These condensed consolidated interim financial statements for the current quarter have been prepared in accordance with MFRS 134, *Interim Financial Reporting* and Rule 9.22 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The interim financial statements should be read in conjunction with the audited financial statements of the Group as at and for the financial year ended 31 March 2022 which was prepared in accordance with the MFRSs. The explanatory notes attached to these interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 March 2022.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 March 2022 except for the adoption of those new Malaysian Financial Reporting Standards ("MFRS") and amendment to MFRS and Interpretations that are applicable to the Group for the financial period beginning 01 April 2022.

The adoption of the new standards, amendments and interpretation to published standards does not have any material impact on the financial statements of the Group for the financial period beginning on 01 April 2022 upon their initial application.

A2. Audit Report

The Audit Report of the Group's annual financial statements for the financial year ended 31 March 2022 was not subject to any audit qualification.

A3. Seasonality of Interim Operations

The fiber optic cables, engineering services, thixotropic gel and fiber reinforced plastics markets are observed to be seasonal in nature and dependent on the general economic and business environment. Given its experience in these markets, the Group is well positioned to ameliorate any seasonal fluctuation of demand for its products.

A4. Unusual Items

There were no significant unusual items that affect the assets, liabilities, equity, net income or cash flows other than those disclosed elsewhere in these notes.

A5. Changes in Estimates

There were no changes in the estimates of amounts reported that have a material effect in the current quarter.

A6. Issuances, Cancellations, Repurchases, Resale and Repayments of Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the current quarter.

A7. Dividends Paid

There were no dividends paid during the current quarter (30 September 2021: Nil)



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Notes on the Quarterly Interim Financial Report - 30 September 2022

A8. Segmental Reporting

The Group operates wholly in Malaysia.

The Group's segmental report for the financial year are as follows:-

30 September 2022

<u>Business Segments</u>	Manufacturing RM'000	Trading & Engineering Services RM'000	Other Operations RM'000	The Group RM'000
Segment revenue:				
Revenue from external customers	33,234	7,474	116	40,824
Segmental (loss)/profit:				
Operating profit/(loss) for reportable segments	2,091	1,073	(2,180)	984
Interest income				919
Finance costs				(9)
Share of results of associated companies				1,014
Profit before tax				2,908
Income tax expense				(414)
Profit after tax				2,495

30 September 2021

<u>Business Segments</u>	Manufacturing RM'000	Trading & Engineering Services RM'000	Other Operations RM'000	The Group RM'000
Segment revenue:				
Revenue from external customers	37,819	7,184	94	45,097
Segmental profit/(loss):				
Operating profit/(loss) for reportable segments	7,116	1,902	(2,087)	6,931
Interest income				214
Finance costs				(6)
Share of results of associated companies				566
Profit before tax				7,704
Income tax expense				(433)
Profit after tax				7,272

**OPCOM HOLDINGS BERHAD**

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Notes on the Quarterly Interim Financial Report - 30 September 2022**A9. Valuations of Property, Plant and Equipment**

The Group did not carry out any valuation on its property, plant and equipment.

A10. Material Events Subsequent to the End of the Interim Period

Other than as disclosed in Note B6, there were no material events subsequent to the end of current quarter that have not been reflected in the financial statements for the current quarter.

A11. Changes in the Composition of the Group

There were no changes in the composition of the Group during the current quarter.

A12. Changes in Contingent Assets or Contingent Liabilities

Contingent liabilities of the Group as at 30 September 2022 amounted to RM55.776 million which are in respect of corporate guarantees given to licensed banks for the banking facilities granted to subsidiaries and guarantee of obligations of a subsidiary to a supplier.

A13. Significant Related Party Transactions

The significant related party transactions during the current quarter and financial period ended are as follows:-

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/09/2022 RM'000	Preceding Year Corresponding Quarter 30/09/2021 RM'000	Current Year To Date 30/09/2022 RM'000	Preceding Year To Date 30/09/2021 RM'000
Related companies in which a substantial shareholder of the Company has interests:-				
Purchase of property, plant and equipment	-	54	-	77
Purchase of goods or services	23	-	35	-
Rental of motor vehicle	4	-	4	-
Associate of a subsidiary of the Company:-				
Sale of thixotropic gel	5,413	3,401	10,000	9,591
Sale of fiber reinforced plastics	-	668	-	1,228
Dividend income	230	312	775	312
Purchase of raw materials	3	577	204	577
Services rendered	-	0	-	22



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Notes on the Quarterly Interim Financial Report - 30 September 2022

B. ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD REQUIREMENTS

B1. Review of Performance

	Individual Quarter			Cumulative Quarter		
	Current Year Quarter 30/09/2022 RM'000	Preceding Year Quarter 30/09/2021 RM'000	Changes +/- (%)	Current Year To Date 30/09/2022 RM'000	Preceding Year To Date 30/09/2021 RM'000	Changes +/- (%)
Revenue	22,560	22,171	1.8%	40,824	45,097	-9.5%
Operating profit	313	3,619	-91.4%	975	6,925	-85.9%
Profit before interest and tax	584	3,744	-84.4%	1,989	7,490	-73.4%
Profit before tax	1,063	3,875	-72.6%	2,908	7,704	-62.3%
Profit for the period	907	3,619	-74.9%	2,495	7,272	-65.7%
Profit for the period attributable to Owners of the Company	758	2,525	-70.0%	2,245	5,168	-56.6%

The Group registered revenue of RM22.6 million and profit before tax of RM1.1 million in the current quarter as compared to revenue of RM22.2 million and profit before tax of RM3.9 million in the preceding year's corresponding quarter. The increase in revenue by 2% in the current quarter as compared to the preceding year's corresponding quarter was mainly due to higher revenue from thixotropic gel and other operations, but partially offset by lower revenue from fiber optic cables, fiber reinforced plastics, engineering services and trading of industrial materials.

Performance of the respective operating business segments in the current quarter compared to the preceding year's corresponding quarter are as follows:-

- Manufacturing - Total manufacturing revenue increased by 8% as compared to preceding year's corresponding quarter. Revenue of thixotropic gel increased by 57%, and is partially offset by lower fiber optic cable (1%) and fiber reinforced plastics (100%).
- Trading and Engineering Services - Revenue decreased by 21% in current quarter as compared to preceding year's corresponding quarter as a result of lower revenue from engineering services and sales of industrial materials.
- Other Operations - Revenue increased by 7% in the current quarter as compared to preceding year's corresponding quarter as a result of rental adjustments and additional space rented out in the current quarter.

B2. Variation of Results Against the Immediate Preceding Quarter

	Current Quarter 30/09/2022 RM'000	Immediate Preceding Quarter 30/06/2022 RM'000	Changes +/- (%)
Revenue	22,560	18,265	23.5%
Operating profit	313	663	-52.8%
Profit before interest and tax	584	1,405	-58.4%
Profit before tax	1,063	1,845	-42.4%
Profit for the period	907	1,588	-42.9%
Profit for the period attributable to Owners of the Company	758	1,487	-49.0%

The Group's revenue increased to RM22.6 million in the current quarter as compared to the immediate preceding quarter of RM18.3 million. The Group recorded a profit before tax of RM1.1 million in the current quarter as compared to the profit before tax of RM1.8 million in the immediate preceding quarter. The increase in revenue by 24% in current quarter was mainly due to the higher sales of fiber optic cables and thixotropic gel. The increase is partially offset by lower revenue from trading of industrial materials and engineering services.

Performance of the respective operating business segments in the current quarter compared to the immediate preceding quarter are as follows:-

- Manufacturing - Total revenue increased by 32% in current quarter. The increase in revenue was due to higher revenue from fiber optic cable (38%) and thixotropic gel (19%).
- Trading and Engineering Services - The revenue decreased by 6% in current quarter was due to lower sales of industrial materials (21%) and engineering services (2%).
- Other Operations - The revenue contribution in current quarter was consistent with the immediate preceding quarter.



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B3. Prospects

The Board remains positive on the general economic outlook with expectations that the global economy will continue to improve. However, the Board stays mindful of the competition and the seasonality of the business which could affect the financial results. Notwithstanding the preceding, the Group is looking into diversifying its revenue streams which could enhance shareholders' values. The Group with its healthy cash reserve will continuously assess opportunities for our future growth.

B4. Profit Forecast and Profit Guarantee

The Group has not issued any profit forecast and profit guarantee in any public document.

B5. Income Tax Expenses

	Quarter Ended		Financial Period Ended	
	30/09/2022 RM'000	30/09/2021 RM'000	30/09/2022 RM'000	30/09/2021 RM'000
Tax expenses	158	257	417	436
Deferred taxation	(2)	(1)	(3)	(3)
	<u>156</u>	<u>255</u>	<u>414</u>	<u>433</u>

The effective tax rate of the Group for current quarter and year-to-date of reporting period is lower than the statutory tax rate attributable to certain subsidiaries utilised tax losses brought forward from prior years.

B6. Status of corporate proposals as at 25 November 2022

(being a date not earlier than seven (7) days from the date of issue of the quarterly report)

On 19 September 2022, the Company announced the (i) Proposed acquisition of 6,500,000 ordinary shares in T&J Engineering Sdn Bhd ("TJE"), representing 100% equity interest in TJE, for a total purchase consideration of up to RM90.0 million, to be satisfied by a combination of cash and shares, and (ii) proposed diversification of the business activities to include the Telecommunication Network Business (collectively referred to as the "Proposals"). The Proposals were approved by Bursa Malaysia on 22 November 2022 and shareholders' approval will be sought in the forthcoming extraordinary general meeting.

B7. Utilisation of Proceeds Raised from Corporate Proposal

a. On 2 April 2021, the Company had raised total proceeds of RM9.272 million from the private placement by issuance of 16,124,900 new ordinary shares.

The current status as of follows:

Details	Expected timeframe for utilisation of proceeds from 2 April 2021	Proposed Utilisation RM'000	Utilisation as of 25 November 2022 RM'000	Balance Unutilised RM'000
(i) Future business projects/investment	Within 24 months	6,000	(5,842)	158
(ii) Working capital	Within 12 months	3,142	(3,142)	-
(iii) Estimated expenses for the Private Placement	Immediate	130	(130)	-
Total		9,272	(9,114)	158

b. On 9 September 2021, the Company had raised total proceeds of RM23.147 million from the private placement by issuance of 53,212,400 new ordinary shares.

The current status as of follows:

Details	Expected timeframe for utilisation of proceeds from 9 September 2021	Proposed Utilisation RM'000	Actual Utilisation as of 25 November 2022 RM'000	Balance Unutilised RM'000
(i) Future business projects/investment	Within 24 months	19,000	-	19,000
(ii) Working capital	Within 24 months	3,668	(700)	2,968
(iii) Estimated expenses for the Private Placement	Immediate	479	(479)	-
Total		23,147	(1,179)	21,968



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B8. Group Borrowings and Debt Securities

The Group's borrowings are unsecured, the details of the borrowings at the end of the reporting period are as follows:-

	Currency Denomination	As at 30/09/2022 RM'000	As at 30/09/2021 RM'000
<u>Current</u>			
- Foreign currency trade facilities	USD	-	324

B9. Derivative Financial Instruments

The Group has entered into forward exchange contracts to manage the foreign currency exposures arising from the Group's payables denominated in currencies other than the functional currency. The forward exchange contracts have maturities of less than one year after the end of the reporting period.

	Quarter Ended		Financial Period Ended	
	30/09/2022 RM'000	30/09/2021 RM'000	30/09/2022 RM'000	30/09/2021 RM'000
Gain/(Loss) from foreign currency hedging contract	49	(52)	49	(66)

B10. Material litigation as at 25 November 2022

(being a date not earlier than seven (7) days from the date of issue of the quarterly report)

Opcom Cables Sdn Bhd, a subsidiary of the Company, has filed and served the Writ of Summons and Statement of Claims against Forward Resources & Construction Sdn. Bhd. ("FRC") as Defendant claiming the amount of RM0.4 million in relation to the supply of fiber optic cables. Judgement in Default of Appearance was granted against FRC on 12 October 2022. The Group had made full provision on the RM0.4million in the prior years.

B11. Dividends

The Company did not declare dividends during the current quarter (30 September 2021: Nil).

B12. Earnings per share

(a) Basic earnings per share

	Quarter Ended		Financial Period Ended	
	30/09/2022	30/09/2021	30/09/2022	30/09/2021
Profit for the period attributable to owners of the Company (RM'000)	758	2,525	2,245	5,168
Weighted average number of ordinary shares in issue ('000)	279,087	230,587	279,087	230,587
Basic earnings per share (sen)	0.27	1.09	0.80	2.24

(b) Diluted earnings per share

	Quarter Ended		Financial Period Ended	
	30/09/2022	30/09/2021	30/09/2022	30/09/2021
Profit for the period attributable to owners of the Company (RM'000)	758	2,525	2,245	5,168
Weighted average number of ordinary shares in issue ('000)	279,087	230,587	279,087	230,587
Shares deemed to be issued for no consideration:				
Employee share options in issue ('000)	2,624	9,389	2,624	9,389
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	281,711	239,976	281,711	239,976
Diluted earnings per share (sen)	0.27	1.05	0.80	2.15



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B13. Profit for the period

	Quarter Ended		Financial Period Ended	
	30/09/2022	30/09/2021	30/09/2022	30/09/2021
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after crediting:-				
Interest income	479	131	919	214
Write back of provision for doubtful debts	-	100	-	250
Other income	104	516	450	545
Reversal of inventories written down	198	(15)	198	89
Gain on derivatives	49	-	49	-
Foreign exchange gain	481	26	646	192
and after charging:-				
Depreciation	466	509	945	1,016
Loss on derivatives	-	52	-	66
Foreign exchange loss	1,021	33	1,168	104

There were no gain or loss on disposal of quoted or unquoted investments or properties or exceptional items for current quarter and financial period ended 30 September 2022 (30 September 2021: Nil).